The Examiner's attention is directed to the fact that Gunnewiek *et al.* fails to disclose Applicants' concept of allocating a target frame bit rate among the at least one object, wherein said allocating step comprises the step of allocating said target frame bit rate in accordance with a target object bit rate for the at least one object. Specifically, Applicants' claim 22 positively recites:

> 22. A method for allocating bits to encode each frame of an image sequence, each of said frame having at least one object, said method comprising the steps of:
> (a) determining a target frame bit rate for the frame; and
> (b) allocating said target frame bit rate among the at least one object, wherein said allocating step comprises the step of allocating said target frame bit rate in accordance with a target object bit rate for the at least one object. (emphasis added)

In brief, Applicants disclose the novel concept of computing a target object bit rate for each object and then allocating a target frame bit rate among the objects in accordance with their computed target object bit rates. This concept is absent in the Gunnewiek *et al.* patent.

Specifically, the Examiner cited Column 2, lines 22-28 in the Gunnewiek *et al.* patent as disclosing this concept. However, a close reading of the cited section in the Gunnewiek *et al.* patent revealed that there is no disclosure as to the computation of a target object bit rate. Instead, Gunnewiek *et al.* states that:

> "A possible form comprises, for example, a proportional distribution of the target value among all sub-pictures. In this way the number of available bits is uniformly spread across the picture". (Emphasis added, See, Gunnewiek *et al.*, Column 2, lines 24-27)

Thus, Gunnewiek *et al.* is disclosing a simple allocation approach where the target frame rate is uniformly spread over the picture. In other words, Gunnewiek *et al.*'s allocation approach does **not** allocate the target frame bit rate in accordance with a target object bit rate for the at least one object as positively claimed by the Applicants.

Additionally, Gunnewiek *et al.*'s sub-picture is **not** an object. Specifically, Gunnewiek *et al.* states that:

> "A predetermined number of contiguous blocks, for example four blocks of 8*8 luminance samples and two blocks of 8*8 chrominance samples, constitute a sub-picture. In conformity with the conventional MPEG syntax, such a sub-picture will hereinafter also be referred to as macroblock." (Emphasis added, See Gunnewiek *et al.*, Column 3, lines 4-9)

A macroblock is absolutely not an object. This fact is clear and is well known in the field of the present invention. As such, claim 22 is not anticipated by Gunnewiek *et al.* and satisfies the requirements of 35 U.S.C. § 102.

B. Claims 22-28 and 32-38

Separately, the Examiner in Paragraph 4 of the Office Action rejected claims 22-28 and 32-38 as being anticipated over the Sun *et al.* patent (United States patent 5,790,196 issued August 4, 1998). The rejection is respectfully traversed.

The Sun *et al.* patent was filed on February 14, 1997. The Applicants previously submitted that they conceived and reduced their invention to practice, as presently claimed, prior to the filing date of the Sun *et al.* patent. In support of this submission, the Applicants previously enclosed a declaration under 37 CFR 1.131 on April 5, 1999, (in the parent application, US patent # 6,023,296) that declares a conception date for the invention claimed in the above-identified patent application to be on or before February 14, 1997 and that due diligence was exercised toward reducing the invention to practice.

Responsive to an Office Action in the parent application, Applicants again enclose a second declaration dated June 23, 1999 under 37 CFR 1.131 along with a printout of video sequence files that were obtained as test sets for the present invention. The date next to each file is the date the video file was obtained for testing. In addition, a table of simulation results using some of these standard video sequences accompanies the second 1.131 declaration. Thus, Applicants submit that these two declarations contain the necessary facts and documentation required to establish priority of the invention.

In view of these declarations, the Sun *et al.* patent is not prior art to the Applicants' invention. Thus, claims 22-28 and 32-38 are not anticipated by Sun *et al.* and satisfy the requirements of 35 U.S.C. § 102.

SN 09/401,132

II. REJECTION OF CLAIMS 29-31 UNDER 35 U.S.C. § 103

The Examiner in Paragraph 7 of the Office Action rejected claims 29-31 as being unpatentable over Sun in view of Klein Gunnewiek et al. The rejection is respectfully traversed.

For the same reason discussed above, since Applicants conceived the present invention before the filing date of the Sun *et al.* reference, the Sun *et al.* reference cannot be used in combination with Gunnewiek et al. as the foundation of an obviousness rejection. Since Gunnewiek et al. singly would not make Applicants' invention obvious as acknowledged by the Examiner, claims 29-31 fully satisfy the requirements of 35 U.S.C. § 103 and are patentable thereunder.

Conclusion

Thus, the Applicants submit that none of the claims, presently in the application, is anticipated or obvious under the provisions of 35 U.S.C. § 102 and 35 U.S.C. § 103. Consequently, the Applicants believe that all these claims are presently in condition for allowance. Accordingly, both reconsideration of this application and its swift passage to issue are earnestly solicited.

If, however, the Examiner believes that there are any unresolved issues requiring the issuance of an adverse final action in any of the claims now pending in the application, it is requested that the Examiner telephone Mr. Kin-Wah Tong, Esq. at (732) 530-9404 so that appropriate arrangements can be made for resolving such issues as expeditiously as possible.

Respectfully submitted,

5/14/02

Kin-Wah Tong, Attorney
Reg. No. 39,400
(732) 530-9404

Moser, Patterson & Sheridan, LLP
Attorneys at Law
595 Shrewsbury Ave.
Shrewsbury, NJ 07702